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Congress of the United States

House of Representatives

COMMITTEE ON HOUSE ADMINISTRATION

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June 8, 2005

VOTE NO ON H.R. 1316, the “527 Fairness Act of 2005”

Dear Colleague:

We are writing to urge you to oppose HR 1316, the “527 Fairness Act of 2005”.


- This bill will in essence gut the Bipartisan Campaign Reform Act (BCRA) and roll back many of the reforms enacted in the wake of the Watergate scandals.
- By removing the caps on coordinated expenditures, Pence-Wynn would allow a national party committee to completely underwrite multi-million dollar campaign(s) against any candidate(s) that it targets. This would provide the Republican Party with a great advantage. This legislation should not be passed for partisan gain.
- This bill is deceptively titled, and has little, if anything, to do with 527's. The bill does not change Section 527 of the tax code, and does not subject 527's to the “hard dollar” limits and other provisions of BCRA and the Federal Elections Campaign Act of 1974. We probably wouldn't support such changes, but it is certainly wrong to call this a 527 reform act, and groups such as Swift Boat Veterans and MoveOn.org would be unaffected by this legislation.
- The proponents of this legislation were among the strongest opponents of BCRA, and are using public concern over 527's as a pretext for rolling back BCRA. The debate over Pence-Wynn should focus on BCRA, and whether the current aggregate donor and expenditure limits should be maintained, not what 527's did in the last election.
- Claims that Pence-Wynn is needed to put the “parties back in charge” are untrue. BCRA did not kill the parties. After the passage of BCRA, the parties raised a record \$1.2 billion in hard money this last election cycle. This is \$200 million more in hard money than the combination of hard and soft money raised in the last “pre-BCRA” cycle. The parties do not need Pence-Wynn to “get back into the game”. This bill will turn “hard money” into “soft money”—increasing the influence of wealthy donors.
- BCRA became law just over three years ago. It was passed by a Republican Congress and signed by a Republican president. Yet, it has only been given one election cycle to work. We should not amend a law that has not been given time to

become fully functional. Pence-Wynn not only amends, but undermines, a law that is working.

- H.R. 1316 is not the vehicle for reform. This legislation would weaken BCRA by stripping away the aggregate limits on what an individual could give to the parties and candidates. Currently, an individual can give up to \$101,400 to all political parties, PAC committees and candidates in a two-year Federal election cycle. This amounts to an individual giving up to \$40,000 to Federal candidates and \$61,400 to political parties, and PAC committees. If Pence-Wynn becomes law, an individual could give \$160,200 to the three national committees of a political party, \$1 million to the state party committees of that party (\$20,000 to each of the 50 state party committees) and \$1,827,000 to each of the 435 house races for a particular party; for a total of almost \$3 million. This would peel away the FECA aggregate limits, which were put in place as a direct result of the scandals of Watergate.
- With the passage of BCRA, a loophole was closed that allowed corporations and unions to donate soft money to Federal candidates. As a result of BCRA, the parties raised a record \$1.2 billion in hard money. By encouraging grassroots organizing and the use of the internet, BCRA helped to transform political fundraising, and attracted millions of new smaller donors, making the entire fundraising process more democratic. By doing so, it gave greater prominence to average Americans in the political process. Pence-Wynn stands to reverse those gains by increasing reliance by the parties on wealthy donors.
- It would increase the role of special interests in campaigns, most notably trade associations by allowing trade associations to make unlimited electioneering communications.
- It has not been demonstrated that the money raised and expended by 527 organizations has the same potential corrosive influence on Federal policy makers. 527s, in fact, helped increase voter turnout to the highest levels since 1968.

For more information, contact Thomas Hicks with the Committee on House Administration at (202) 225-2061.

Sincerely,



Juanita Millender-McDonald
Ranking Member



Robert A. Brady



Zoe Lofgren